



FILED
02/24/21
01:20 PM

COM/CR6/mef 2/24/2021

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Joint Application
of TracFone Wireless, Inc. (U4321C),
América Móvil, S.A.B. de C.V. and
Verizon Communications, Inc. for
Approval of Transfer of Control over
TracFone Wireless, Inc.

Application 20-11-001

ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING

This Scoping Memo and Ruling sets forth the issues, need for hearing, schedule, category, and other matters necessary to scope this proceeding pursuant to Public Utilities (Pub. Util.) Code Section 1701.1. and Article 7 of the Commission's Rules of Practice and Procedure.

1. Procedural Background

On November 5, 2020, TracFone Wireless, Inc. (U4321C) (TracFone), América Móvil, S.A.B. de C.V. (América Móvil), and Verizon Communications, Inc. (Verizon), filed a joint application seeking approval to transfer control of TracFone from América Móvil to Verizon; TracFone will become a direct subsidiary of Verizon.¹

The Public Advocates Office, Center for Accessible Technology, Greenlining Institute, The Utility Reform Network, Public Knowledge, the California Center for Rural, Policy, Access Humboldt, Next Century Cities, the

¹ Verizon Communications, Inc. is a holding company. In California, Cellco Partnership (U3001C) d/b/a Verizon Wireless (Verizon Wireless) provides voice and data wireless services. TracFone provides prepaid wireless voice and data service, including to California LifeLine customers.

Benton Institute for Broadband & Society, Communications Workers of America, Tribal Digital Networks, and the Open Technology Institute at New America filed timely protests.

A prehearing conference (PHC) was held on January 26, 2021 to discuss the issues of law and fact, determine the need for hearing, set the schedule for resolving the matter, and address other matters as necessary. After considering the joint application, protests, response to the protests and the discussion at the PHC, I have determined the issues and initial schedule of the proceeding to be set forth in this scoping memo.

2. Issues

The scope of this proceeding includes issues that are relevant to evaluating the proposed transaction's impacts on California consumers and determining whether any conditions should be placed upon the "new" entity to mitigate any significant negative impacts. Both the joint applicants and the intervenors acknowledge that TracFone and Verizon Wireless compete against each other, though they disagree regarding the extent. The fundamental issue presented by this joint application is whether this proposed acquisition is in the public interest of the residents of California, the standard historically employed by the Commission to evaluate proposed acquisitions like this one. This proceeding will determine the issues described below.

1. Will the transaction impact competition for services currently provided by either company? If yes, is that impact significant? Also, is there a specific geographic region, group of individuals, or businesses that would be impacted? Specific impacts this proceeding will focus on, among others, include:
 - a. The impact on California Lifeline customers, as well as other disadvantaged individuals and communities; and

- b. The impact on mobile virtual network operators that current rely on wholesale services from Verizon and/or Verizon affiliates.
 - c. Impact on the quality of, and access to, service to California consumers in rural, and other geographic areas.
2. Will the proposed transaction negatively impact existing TracFone customers, including California Lifeline customers? In particular, the Commission will examine impacts related to service quality, customer satisfaction, pricing policies, system integration and device compatibility (including compatibility with Verizon's 5G network) after customers migrate to the Verizon network.
 3. Are there other potential negative impacts of this proposed transaction?
 4. Would the transaction lead to positive impacts, such as increased efficiency or innovation?
 5. Do the potential benefits of this transaction exceed any potential negative effects?
 6. Should the Commission approve the transaction?
 7. If the Commission approves the proposed transaction, should it impose conditions or mitigation measures to prevent significant adverse consequences and, if so, what should those conditions or measures be?
 8. What mechanisms should be used to enforce any conditions or mitigation measures imposed by the Commission?

3. Need for Evidentiary Hearing

This Commission preliminarily determined that evidentiary hearing may be needed in this proceeding. While specific, contested material issues of fact were not identified at the PHC, the two intervenors present at the PHC noted that they have only recently begun discovery and that contested material issues of fact may be identified in their testimony or the joint applicants' rebuttal

testimony. Obtaining satisfactory answers to the above questions likely will require consideration of multiple factual issues. Accordingly, this ruling confirms that evidentiary hearing is needed on these issues.

4. Oral Argument

Unless comment is waived pursuant to Rule 14.6.(c)(2) for granting the uncontested relief requested, motion for oral argument shall be by no later than the time for filing comment on the proposed decision.

5. Schedule

The following schedule is adopted here and may be modified by the Administrative Law Judge (ALJ) as required to promote the efficient and fair resolution of the Application:

Event	Date
Joint Applicants' opening testimony served	March 12, 2021
Intervenors' testimony filed and served	April 2, 2021
Joint Applicants' rebuttal testimony filed and served	April 9, 2021
Joint Statement on Stipulations and Disputed Material Facts (if any exist) filed and served	April 23, 2021
Witness lists filed and served	April 23, 2021
Status Conference prior to evidentiary hearing	April 27, 2021
Evidentiary hearing	May 4-May 5, 2021
Opening briefs filed and served	May 28, 2021
Reply briefs filed and served (matter submitted)	June 11, 2021
Proposed decision issued	September 2021

The proceeding will stand submitted upon the filing of reply briefs, unless the ALJ requires further evidence or argument. Based on this schedule, the

proceeding will be resolved within 18 months as required by Pub. Util. Code Section 1701.5.

6. Alternative Dispute Resolution (ADR) Program and Settlements

The Commission's Alternative Dispute Resolution (ADR) program offers mediation, early neutral evaluation, and facilitation services, and uses ALJs who have been trained as neutrals. At the parties' request, the assigned ALJ can refer this proceeding to the Commission's ADR Coordinator. Additional ADR information is available on the Commission's website.²

Any settlement between parties, whether regarding all or some of the issues, shall comply with Article 12 of the Rules of shall be served in writing. Such settlements shall include a complete explanation of the settlement and a complete explanation of why it is reasonable in light of the whole record, consistent with the law and in the public interest. The proposing parties bear the burden of proof as to whether the settlement should be adopted by the Commission.

7. Category of Proceeding and Ex Parte Restrictions

This ruling confirms the Commission's preliminary determination³ that this is a ratesetting proceeding. Accordingly, *ex parte* communications are restricted and must be reported pursuant to Article 8 of the Rules.

8. Public Outreach

Pursuant to Pub. Util. Code Section 1711.(a), I hereby report that the Commission sought the participation of those likely to be affected by this matter by noticing it in the Commission's monthly newsletter that is served on

² See Decision (D.) 07-05-062, Appendix A, § IV.O.

³ Resolution ALJ-3475

communities and business that subscribe to it and posted on the Commission's website.

9. Intervenor Compensation

Pursuant to Pub. Util. Code Section 1804.(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation by February 25, 2021, 30 days after the PHC.

10. Response to Public Comments

Parties may, but are not required to, respond to written comments received from the public. Parties may do so by posting such response using the "Add Public Comment" button on the "Public Comment" tab of the online docket card for the proceeding.

11. Public Advisor

Any person interested in participating in this proceeding who is unfamiliar with the Commission's procedures or has questions about the electronic filing procedures is encouraged to obtain more information at <http://consumers.cpuc.ca.gov/pao/> or contact the Commission's Public Advisor at 866-849-8390 or 866-836-7825 (TTY), or send an e-mail to public.advisor@cpuc.ca.gov.

12. Filing, Service, and Service List

The official service list has been created and is on the Commission's website. Parties should confirm that their information on the service list is correct, and serve notice of any errors on the Commission's Process office, the service list, and the ALJ. Persons may become a party pursuant to Rule 1.4.

When serving any document, each party must ensure that it is using the current official service list on the Commission's website.

Parties are directed to the Commission's Practitioner Alert for COVID-19 Temporary Filing and Service Protocol for Formal Proceedings at <https://www.cpuc.ca.gov/COVID19practitioneralert/>.

This proceeding will follow the electronic service protocol set forth in Rule 1.10. All parties to this proceeding shall serve documents and pleadings using electronic mail, whenever possible, transmitted no later than 5:00 p.m., on the date scheduled for service to occur. This includes all items transmitted to the ALJ, Commissioners or their personal advisors. Parties must not send hard copies of documents unless specifically instructed to do so.

Persons who are not parties but wish to receive electronic service of documents filed in the proceeding may contact the Process Office at process_office@cpuc.ca.gov to request addition to the "Information Only" category of the official service list pursuant to Rule 1.9.(f).

13. Assignment of Proceeding

Clifford Rechtschaffen is the assigned Commissioner and Thomas J. Glegola is the assigned ALJ and presiding officer for the proceeding.

IT IS RULED that:

1. The scope of this proceeding is described above and adopted.
2. The schedule of this proceeding is set forth above and adopted.
3. Evidentiary hearing is needed.
4. The presiding officer is Administrative Law Judge Thomas J. Glegola.

5. The category of the proceeding is ratesetting.

This order is effective today.

Dated February 24, 2021, at San Francisco, California.

/s/ CLIFFORD RECHTSCHAFFEN

Clifford Rechtschaffen
Assigned Commissioner